

Exhibit C – Part 3

1 vehicles' failure to deploy airbags and pretensioners in a crash increases the risk of injury and
2 death to the drivers and front-seat passengers.

3 93. Once again, GM knew of the dangerous airbag defect long before it took anything
4 approaching the requisite remedial action.

5 94. As the wiring harness connectors in the SIABs corrode or loosen over time,
6 resistance will increase. The airbag sensing system will interpret this increase in resistance as a
7 fault, which then triggers illumination of the "SERVICE AIR BAG" message on the vehicle's
8 dashboard. This message may be intermittent at first and the airbags and pretensioners will still
9 deploy. But over time, the resistance can build to the point where the SIABs, pretensioners, and
10 front center airbags will not deploy in the event of a collision.³⁶

11 95. The problem apparently arose when GM made the switch from using gold-plated
12 terminals to connect its wire harnesses to cheaper tin terminals in 2007.

13 96. In June 2008, Old GM noticed increased warranty claims for airbag service on
14 certain of its vehicles and determined it was due to increased resistance in airbag wiring. After
15 analysis of the tin connectors in September 2008, Old GM determined that corrosion and wear to
16 the connectors was causing the increased resistance in the airbag wiring. It released a technical
17 service bulletin on November 25, 2008, for 2008-2009 Buick Enclaves, 2009 Chevy Traverse,
18 2008-2009 GMC Acadia, and 2008-2009 Saturn Outlook models, instructing dealers to repair the
19 defect by using Nyogel grease, securing the connectors, and adding slack to the line. Old GM also
20 began the transition back to gold-plated terminals in certain vehicles. At that point, Old GM
21 suspended all investigation into the defective airbag wiring and took no further action.³⁷

22 97. In November 2009, GM learned of similar reports of increased airbag service
23 messages in 2010 Chevy Malibu and 2010 Pontiac G6 vehicles. After investigation, GM
24 concluded that corrosion and wear in the same tin connector was the root of the airbag problems in
25 the Malibu and G6 models.³⁸

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27 ³⁶ See GM Notice to NHTSA dated March 17, 2014, at 1.

28 ³⁷ See GM Notification Campaign No. 14V-118 dated March 31, 2014, at 1-2.

³⁸ See *id.*, at 2.

1 98. In January 2010, after review of the Malibu and G6 airbag connector issues, GM
2 concluded that ignoring the service airbag message could increase the resistance such that an SIAB
3 might not deploy in a side impact collision. On May 11, 2010, GM issued a Customer Satisfaction
4 Bulletin for the Malibu and G6 models and instructed dealers to secure both front seat-mounted,
5 side-impact airbag wire harnesses and, if necessary, reroute the wire harness.³⁹

6 99. From February to May 2010, GM revisited the data on vehicles with faulty harness
7 wiring issues, and noted another spike in the volume of the airbag service warranty claims. This
8 led GM to conclude that the November 2008 bulletin was "not entirely effective in correcting the
9 [wiring defect present in the vehicles]." On November 23, 2010, GM issued another Customer
10 Satisfaction Bulletin for certain 2008 Buick Enclave, 2008 Saturn Outlook, and 2008 GMC Acadia
11 models built from October 2007 to March 2008, instructing dealers to secure SIAB harnesses and
12 re-route or replace the SIAB connectors.⁴⁰

13 100. GM issued a revised Customer Service Bulletin on February 3, 2011, requiring
14 replacement of the front seat-mounted side-impact airbag connectors in the same faulty vehicles
15 mentioned in the November 2010 bulletin. In July 2011, GM again replaced its connector, this
16 time with a Tyco-manufactured connector featuring a silver-sealed terminal.⁴¹

17 101. But in 2012, GM noticed another spike in the volume of warranty claims relating to
18 SIAB connectors in vehicles built in the second half of 2011. After further analysis of the Tyco
19 connectors, it discovered that inadequate crimping of the connector terminal was causing increased
20 system resistance. In response, GM issued an internal bulletin for 2011-12 Buick Enclave, Chevy
21 Traverse, and GMC Acadia vehicles, recommending dealers repair affected vehicles by replacing
22 the original connector with a new sealed connector.⁴²

23 102. The defect was still uncured, however, because in 2013 GM again marked an
24 increase in service repairs and buyback activity due to illuminated airbag service lights. On
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26 ³⁹ See *id.*

27 ⁴⁰ See *id.*, at 3.

28 ⁴¹ See *id.*

⁴² See *id.*, at 4.

1 October 4, 2013, GM opened an investigation into airbag connector issues in 2011-2013 Buick
2 Enclave, Chevy Traverse, and GMC Acadia models. The investigation revealed an increase in
3 warranty claims for vehicles built in late 2011 and early 2012.⁴³

4 103. On February 10, 2014, GM concluded that corrosion and crimping issues were again
5 the root cause of the airbag problems.⁴⁴

6 104. GM initially planned to issue a less-urgent Customer Satisfaction Program to
7 address the airbag flaw in the 2010-2013 vehicles. But it wasn't until a call with NHTSA on
8 March 14, 2014, that GM finally issued a full-blown safety recall on the vehicles with the faulty
9 harness wiring – years after it first learned of the defective airbag connectors, after four
10 investigations into the defect, and after issuing at least six service bulletins on the topic. The recall
11 as first approved covered only 912,000 vehicles, but on March 16, 2014, it was increased to cover
12 approximately 1.2 million vehicles.⁴⁵

13 105. On March 17, 2014, GM issued a recall for 1,176,407 vehicles potentially afflicted
14 with the defective airbag system. The recall instructs dealers to remove driver and passenger SIAB
15 connectors and splice and solder the wires together.⁴⁶

16 **4. The brake light defect.**

17 106. Between 2004 and 2012, approximately 2.4 million GM-branded vehicles in the
18 United States were sold with a safety defect that can cause brake lamps to fail to illuminate when
19 the brakes are applied or to illuminate when the brakes are not engaged; the same defect can
20 disable cruise control, traction control, electronic stability control, and panic brake assist operation,
21 thereby increasing the risk of collisions and injuries.⁴⁷

22 107. Once again, GM knew of the dangerous brake light defect for years before it took
23 anything approaching the requisite remedial action. In fact, although the brake light defect has
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25 ⁴³ See *id.*

26 ⁴⁴ See *id.*, at 5.

27 ⁴⁵ See *id.*

28 ⁴⁶ See *id.*

⁴⁷ See GM Notification Campaign No. 14V-252 dated May 28, 2014, at 1.

1 caused at least 13 crashes since 2008, GM did not recall all 2.4 million vehicles with the defect
2 until May 2014.

3 108. The vehicles with the brake light defect include the 2004-2012 Chevrolet Malibu,
4 the 2004-2007 Malibu Maxx, the 2005-2010 Pontiac G6, and the 2007-2010 Saturn Aura.⁴⁸

5 109. According to GM, the brake defect originates in the Body Control Module (BCM)
6 connection system. "Increased resistance can develop in the [BCM] connection system and result
7 in voltage fluctuations or intermittency in the Brake Apply Sensor (BAS) circuit that can cause
8 service brakes lamp malfunction."⁴⁹ The result is brake lamps that may illuminate when the brakes
9 are not being applied and may not illuminate when the brakes are being applied.⁵⁰

10 110. The same defect can also cause the vehicle to get stuck in cruise control if it is
11 engaged, or cause cruise control to not engage, and may also disable the traction control, electronic
12 stability control, and panic-braking assist features.⁵¹

13 111. GM now acknowledges that the brake light defect "may increase the risk of a
14 crash."⁵²

15 112. As early as September 2008, NHTSA opened an investigation for model year 2005-
16 2007 Pontiac G6 vehicles involving allegations that the brake lights may turn on when the driver
17 had not depressed the brake pedal and may turn on when the brake pedal was depressed.⁵³

18 113. During its investigation of the brake light defect in 2008, Old GM found elevated
19 warranty claims for the brake light defect for MY 2005 and 2006 vehicles built in January 2005,
20 and found "fretting corrosion in the BCM C2 connector was the root cause" of the problem.⁵⁴ Old
21 GM and its part supplier Delphi decided that applying dielectric grease to the BCM C2 connector
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23
24 ⁴⁸ *Id.*

25 ⁴⁹ *Id.*

26 ⁵⁰ *Id.*

27 ⁵¹ *Id.*

28 ⁵² *Id.*

⁵³ *Id.* at 2.

⁵⁴ *Id.*

1 would be “an effective countermeasure to the fretting corrosion.”⁵⁵ Beginning in November of
2 2008, the company began applying dielectric grease in its vehicle assembly plants.⁵⁶

3 114. On December 4, 2008, Old GM issued a TSB recommending the application of
4 dielectric grease to the BCM C2 connector for the MY 2005-2009, Pontiac G6, 2004-2007
5 Chevrolet Malibu/Malibu Maxx and 2008 Malibu Classic and 2007-2009 Saturn Aura vehicles.⁵⁷
6 One month later, in January 2009, Old GM recalled only a small subset of the vehicles with the
7 brake light defect – 8,000 MY 2005-2006 Pontiac G6 vehicles built during the month of January,
8 2005.⁵⁸

9 115. Not surprisingly, the brake light problem was far from resolved.

10 116. In October 2010, GM released an updated TSB regarding “intermittent brake lamp
11 malfunctions,” and added MY 2008-2009 Chevrolet Malibu/Malibu Maxx vehicles to the list of
12 vehicles for which it recommended the application of dielectric grease to the BCM C2 connector.⁵⁹

13 117. In September of 2011, GM received an information request from Canadian
14 authorities regarding brake light defect complaints in vehicles that had not yet been recalled. Then,
15 in June 2012, NHTSA provided GM with additional complaints “that were outside of the build
16 dates for the brake lamp malfunctions on the Pontiac G6” vehicles that had been recalled.⁶⁰

17 118. In February of 2013, NHTSA opened a “Recall Query” in the face of 324
18 complaints “that the brake lights do not operate properly” in Pontiac G6, Malibu and Aura vehicles
19 that had not yet been recalled.⁶¹

20 119. In response, GM asserts that it “investigated these occurrences looking for root
21 causes that could be additional contributors to the previously identified fretting corrosion,” but that
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23
24 ⁵⁵ *Id.*

25 ⁵⁶ *Id.* at 3.

26 ⁵⁷ *Id.* at 2.

27 ⁵⁸ *Id.*

28 ⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.* at 3.

1 it continued to believe that “fretting corrosion in the BCM C2 connector” was the “root cause” of
2 the brake light defect.⁶²

3 120. In June of 2013, NHTSA upgraded its “Recall Query” concerning brake light
4 problems to an “Engineering Analysis.”⁶³

5 121. In August 2013, GM found an elevated warranty rate for BCM C2 connectors in
6 vehicles built *after* Old GM had begun applying dielectric grease to BCM C2 connectors at its
7 assembly plants in November of 2008.⁶⁴ In November of 2013, GM concluded that “the amount of
8 dielectric grease applied in the assembly plant starting November 2008 was insufficient....”⁶⁵

9 122. Finally, in March of 2014, “GM engineering teams began conducting analysis and
10 physical testing to measure the effectiveness of potential countermeasures to address fretting
11 corrosion. As a result, GM determined that additional remedies were needed to address fretting
12 corrosion.”⁶⁶

13 123. On May 7, 2014, GM’s Executive Field Action Decision Committee finally decided
14 to conduct a safety recall.

15 124. According to GM, “Dealers are to attach the wiring harness to the BCM with a
16 spacer, apply dielectric lubricant to both the BCM CR and harness connector, and on the BAS and
17 harness connector, and relearn the brake pedal home position.”⁶⁷

18 125. Once again, GM sat on and concealed its knowledge of the brake light defect, and
19 did not even consider available countermeasures (other than the application of grease that had
20 proven ineffective) until March of this year.

21 **5. Shift cable defect**

22 126. From 2004 through 2010, more than 1.1 million GM-branded vehicles were sold
23 throughout the United States with a dangerously defective transmission shift cable. The shift cable

24 ⁶² *Id.*

25 ⁶³ *Id.*

26 ⁶⁴ *Id.*

27 ⁶⁵ *Id.*

28 ⁶⁶ *Id.* at 4.

⁶⁷ *Id.*

1 may fracture at any time, preventing the driver from switching gears or placing the transmission in
2 the “park” position. According to GM, “[i]f the driver cannot place the vehicle in park, and exits
3 the vehicle without applying the park brake, the vehicle could roll away and a crash could occur
4 without prior warning.”⁶⁸

5 127. Yet again, GM knew of the shift cable defect long before it issued the recent recall
6 of more than 1.1 million vehicles with the defect.

7 128. In May of 2011, NHTSA informed GM that it had opened an investigation into
8 failed transmission cables in 2007 model year Saturn Aura vehicles. In response, GM noted “a
9 cable failure model in which a tear to the conduit jacket could allow moisture to corrode the
10 interior steel wires, resulting in degradation of shift cable performance, and eventually, a possible
11 shift cable failure.”⁶⁹

12 129. Upon reviewing these findings, GM’s Executive Field Action Committee conducted
13 a “special coverage field action for the 2007-2008 MY Saturn Aura vehicles equipped with 4 speed
14 transmissions and built with Leggett & Platt cables.” GM apparently chose that cut-off date
15 because, on November 1, 2007, Kongsberg Automotive replaced Leggett & Platt as the cable
16 provider.⁷⁰

17 130. GM did not recall any of the vehicles with the shift cable defect at this time, and
18 limited its “special coverage field action” to the 2007-2008 Aura vehicles even though “the same
19 or similar Leggett & Platt cables were used on ... Pontiac G6 and Chevrolet Malibu (MMX380)
20 vehicles.”

21 131. In March 2012, NHTSA sent GM an Engineering Assessment request to investigate
22 transmission shift cable failures in 2007-2008 MY Auras, Pontiac G6s, and Chevrolet Malibus.⁷¹

23 132. In responding to the Engineering Assessment request, GM for the first time “noticed
24 elevated warranty rates in vehicles built with Kongsberg shift cables.” Similar to their predecessor
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26 ⁶⁸ See GM letter to NHTSA Re: NHTSA Campaign No. 14V-224 dated May 22, 2014, at 1.

27 ⁶⁹ *Id.* at 2.

28 ⁷⁰ *Id.*

⁷¹ *Id.*

1 vehicles built with Leggett & Platt shift cables, in the vehicles built with Kongsberg shift cables
2 “the tabs on the transmission shift cable end may fracture and separate without warning, resulting
3 in failure of the transmission shift cable and possible unintended vehicle movement.”⁷²

4 133. Finally, on September 13, 2012, the Executive Field Action Decision Committee
5 decided to conduct a safety recall. This initial recall was limited to 2008-2010 MY Saturn Aura,
6 Pontiac G6, and Chevrolet Malibu vehicles with 4-speed transmission built with Kongsberg shifter
7 cables, as well as 2007-2008 MY Saturn Aura and 2005-2007 MY Pontiac G6 vehicles with 4-
8 speed transmissions which may have been serviced with Kongsberg shift cables.⁷³

9 134. But the shift cable problem was far from resolved.

10 135. In March of 2013, NHTSA sent GM a second Engineering Assessment concerning
11 allegations of failure of the transmission shift cables on all 2007-2008 MY Saturn Aura, Chevrolet
12 Malibu, and Pontiac G6 vehicles.⁷⁴

13 136. GM continued its standard process of “investigation” and delay. But by May 9,
14 2014, GM was forced to concede that “the same cable failure mode found with the Saturn Aura 4-
15 speed transmission” was present in a wide population of vehicles.⁷⁵

16 137. Finally, on May 19, 2014, GM’s Executive Field Actions Decision Committee
17 decided to conduct a safety recall of more than 1.1 million vehicles with the defective shift cable
18 issue, including the following models and years (as of May 23, 2014): MY 2007-2008 Chevrolet
19 Saturn; MY 2004-2008 Chevrolet Malibu; MY 2004-2007 Chevrolet Malibu Maxx; and MY 2005-
20 2008 Pontiac G6.

21 **6. Safety belt defect.**

22 138. Between the years 2008-2014, more than 1.4 million GM-branded vehicles were
23 sold with a dangerous safety belt defect. According to GM, “[t]he flexible steel cable that connects
24 the safety belt to the vehicle at the outside of the front outside of the front outboard seating
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26 ⁷² *Id.*

27 ⁷³ *Id.*

28 ⁷⁴ *Id.*

⁷⁵ *Id.*

1 positions can fatigue and separate over time as a result of occupant movement into the seat. In a
2 crash, a separated cable could increase the risk of injury to the occupant.”⁷⁶

3 139. On information and belief, GM knew of the safety belt defect long before it issued
4 the recent recall of more than 1.3 million vehicles with the defect.

5 140. While GM has yet to submit its full chronology of events to NHTSA, suffice to say
6 that GM has waited some five years before disclosing this defect. This delay is consistent with
7 GM’s long period of concealment of the other defects as set forth above.

8 141. On May 19, 2014, GM’s Executive Field Action Decision Committee decided to
9 conduct a recall of the following models and years in connection with the safety belt defect: MY
10 2009-2014 Buick Enclave; MY 2009-2014 Chevrolet Traverse; MY 2009-2014 GMC Acadia; and
11 MY 2009-2010 Saturn Outlook.

12 **7. Ignition lock cylinder defect.**

13 142. On April 9, 2014, GM recalled 2,191,014 GM-branded vehicles to address faulty
14 ignition lock cylinders.⁷⁷ Though the vehicles are the same as those affected by the ignition switch
15 defect,⁷⁸ the lock cylinder defect is distinct.

16 143. In these vehicles, faulty ignition lock cylinders can allow removal of the ignition
17 key while the engine is not in the “Off” position. If the ignition key is removed when the ignition
18 is not in the “Off” position, unintended vehicle motion may occur. That could cause a vehicle
19 crash and injury to the vehicle’s occupants or pedestrians. As a result, some of the vehicles with
20 faulty ignition lock cylinders may fail to conform to Federal Motor Vehicle Safety Standard
21 number 114, “*Theft Prevention and Rollaway Prevention*.”⁷⁹

22 144. On information and belief, GM was aware of the ignition lock cylinder defect for
23 years before finally acting to remedy it.

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25 ⁷⁶ See GM Notice to NHTSA dated May 19, 2014, at 1.

26 ⁷⁷ See GM Notice to NHTSA dated April 9, 2014.

27 ⁷⁸ Namely, MY 2005-2010 Chevrolet Cobalts, 2005-2011 Chevrolet HHRs, 2007-2010 Pontiac
28 G5s, 2003-2007 Saturn Ions, and 2007-2010 Saturn Skys.

⁷⁹ GM Notice to NHTSA dated April 9, 2014, at 1.

1 **8. The Camaro key-design defect.**

2 145. On June 13, 2014, GM recalled more than 500,000 MY 2010-2014 Chevrolet
3 Camaros because a driver's knee can bump the key fob out of the "run" position and cause the
4 vehicle to lose power. This issue that has led to at least three crashes. GM said it learned of the
5 issue which primarily affects drivers who sit close to the steering wheel, during internal testing it
6 conducted following its massive ignition switch recall earlier this year. GM knows of three crashes
7 that resulted in four minor injuries attributed to this defect.

8 **9. The ignition key defect.**

9 146. On June 16, 2014, GM announced a recall of 3.36 million cars due to a problem
10 with keys that can turn off ignitions and deactivate air bags, a problem similar to the ignition
11 switch defects in the 2.19 million cars recalled earlier in the year.

12 147. The company said that keys laden with extra weight – such as additional keys or
13 objects attached to a key ring – could inadvertently switch the vehicle's engine off if the car struck
14 a pothole or crossed railroad tracks.

15 148. GM said it was aware of eight accidents and six injuries related to the defect.

16 149. As early as December 2000, drivers of the Chevrolet Impala and the other newly
17 recalled cars began lodging complaints about stalling with the National Highway Traffic Safety
18 Administration. "When foot is taken off accelerator, car will stall without warning," one driver of
19 a 2000 Cadillac Deville told regulators in December 2000. "Complete electrical system and engine
20 shutdown while driving," another driver of the same model said in January 2001. "Happened three
21 different times to date. Dealer is unable to determine cause of failure."

22 150. The vehicles covered include the Buick Lacrosse, model years 2005-09; Chevrolet
23 Impala, 2006-14; Cadillac Deville, 2000-05; Cadillac DTS, 2004-11; Buick Lucerne, 2006-11;
24 Buick Regal LS and RS, 2004-05; and Chevrolet Monte Carlo, 2006-08.

25 **10. At least 26 other defects were revealed by GM in recalls during the first half of**
26 **2014.**

27 151. The nine defects discussed above – and the resultant 12 recalls – are but a subset of
28 the 40 recalls ordered by GM in connection with 35 separate defects during the first five and one-

1 half months of 2014. The additional 26 defects are briefly summarized in the following
2 paragraphs.

3 152. **Transmission oil cooler line defect:** On March 31, 2014, GM recalled 489,936
4 MY 2014 Chevy Silverado, 2014 GMC Sierra, 2014 GMC Yukon, 2014 GMC Yukon XL, 2015
5 Chevy Tahoe, and 2015 Chevy Suburban vehicles. These vehicles may have transmission oil
6 cooler lines that are not securely seated in the fitting. This can cause transmission oil to leak from
7 the fitting, where it can contact a hot surface and cause a vehicle fire.

8 153. **Power management mode software defect:** On January 13, 2014, GM recalled
9 324,970 MY 2014 Chevy Silverado and GMC Sierra Vehicles. When these vehicles are idling in
10 cold temperatures, the exhaust components can overheat, melt nearby plastic parts, and cause an
11 engine fire.

12 154. **Substandard front passenger airbags:** On March 17, 2014, GM recalled 303,013
13 MY 2009-2014 GMC Savana vehicles. In certain frontal impact collisions below the air bag
14 deployment threshold in these vehicles, the panel covering the airbag may not sufficiently absorb
15 the impact of the collision. These vehicles therefore do not meet the requirements of Federal
16 Motor Vehicle Safety Standard number 201, "Occupant Protection in Interior Impact."

17 155. **Light control module defect:** On May 16, 2014, GM recalled 218,214 MY 2004-
18 2008 Chevrolet Aveo (subcompact) and 2004-2008 Chevrolet Optra (subcompact) vehicles. In
19 these vehicles, heat generated within the light control module in the center console in the
20 instrument panel may melt the module and cause a vehicle fire.

21 156. **Front axle shaft defect:** On March 28, 2014, GM recalled 174,046 MY 2013-2014
22 Chevrolet Cruze vehicles. In these vehicles, the right front axle shaft may fracture and separate. If
23 this happens while the vehicle is being driven, the vehicle will lose power and coast to a halt. If a
24 vehicle with a fractured shaft is parked and the parking brake is not applied, the vehicle may move
25 unexpectedly which can lead to accident and injury.

26 157. **Brake boost defect:** On May 13, 2014, GM recalled 140,067 MY 2014 Chevrolet
27 Malibu vehicles. The "hydraulic boost assist" in these vehicles may be disabled; when that
28 happens, slowing or stopping the vehicle requires harder brake pedal force, and the vehicle will

1 travel a greater distance before stopping. Therefore, these vehicles do not comply with Federal
2 Motor Vehicle Safety Standard number 135, "Light Vehicle Brake Systems," and are at increased
3 risk of collision.

4 158. **Low beam headlight defect:** On May 14, 2014, GM recalled 103,158 MY 2005-
5 2007 Chevrolet Corvette vehicles. In these vehicles, the underhood bussed electrical center
6 (UBEC) housing can expand and cause the headlamp low beam relay control circuit wire to bend.
7 When the wire is repeatedly bent, it can fracture and cause a loss of low beam headlamp
8 illumination. The loss of illumination decreases the driver's visibility and the vehicle's conspicuity
9 to other motorists, increasing the risk of a crash.

10 159. **Vacuum line brake booster defect:** On March 17, 2014, GM recalled 63,903 MY
11 2013-2014 Cadillac XTS vehicles. In these vehicles, a cavity plug on the brake boost pump
12 connector may dislodge and allow corrosion of the brake booster pump relay connector. This can
13 have an adverse impact on the vehicle's brakes.

14 160. **Fuel gauge defect:** On April 29, 2014, GM recalled 51,460 MY 2014 Chevrolet
15 Traverse, GMC Acadia and Buick Enclave vehicles. In these vehicles, the engine control module
16 (ECM) software may cause inaccurate fuel gauge readings. An inaccurate fuel gauge may result in
17 the vehicle unexpectedly running out of fuel and stalling, and thereby increases the risk of accident.

18 161. **Acceleration defect:** On April 24, 2014, GM recalled 50,571 MY 2013 Cadillac
19 SRX vehicles. In these vehicles, there may be a three- to four-second lag in acceleration due to
20 faulty transmission control module programming. That lag may increase the risk of a crash.

21 162. **Flexible flat cable airbag defect:** On April 9, 2014, GM recalled 23,247 MY
22 2009-2010 Pontiac Vibe vehicles. These vehicles are susceptible to a failure in the Flexible Flat
23 Cable ("FFC") in the spiral cable assemble connecting the driver's airbag module. When the FFC
24 fails, connectivity to the driver's airbag module is lost and the airbag is deactivated. The resultant
25 failure of the driver's airbag to deploy increases the risk of injury to the driver in the event of a
26 crash.

1 163. **Windshield wiper defect:** On May 14, 2014, GM recalled 19,225 MY 2014
2 Cadillac CTS vehicles. A defect leaves the windshield wipers in these vehicles prone to failure.
3 Inoperative windshield wipers can decrease the driver's visibility and increase the risk of a crash.

4 164. **Brake rotor defect:** On May 7, 2014, GM recalled 8,208 MY 2014 Chevrolet
5 Malibu and Buick LaCrosse vehicles. In these vehicles, GM may have accidentally installed rear
6 brake rotors on the front brakes. The rear rotors are thinner than the front rotors, and the use of
7 rear rotors in the front of the vehicle may result in a front brake pad detaching from the caliper.
8 The detachment of a break pad from the caliper can cause a sudden reduction in braking which
9 lengthens the distance required to stop the vehicle and increases the risk of a crash.

10 165. **Passenger-side airbag defect:** On May 16, 2014, GM recalled 1,402 MY 2015
11 Cadillac Escalade vehicles. In these vehicles, the airbag module is secured to a chute adhered to
12 the backside of the instrument panel with an insufficiently heated infrared weld. As a result, the
13 front passenger-side airbag may only partially deploy in the event of crash, and this will increase
14 the risk of occupant injury. These vehicles do not conform to Federal Motor Vehicle Safety
15 Standard number 208, "Occupant Crash Protection."

16 166. **Electronic stability control defect:** On March 26, 2014, GM recalled 656 MY
17 2014 Cadillac ELR vehicles. In these vehicles, the electronic stability control (ESC) system
18 software may inhibit certain ESC diagnostics and fail to alert the driver that the ESC system is
19 partially or fully disabled. Therefore, these vehicles fail to conform to Federal Motor Vehicle
20 Safety Standard number 126, "Electronic Stability Control Systems." A driver who is not alerted
21 to an ESC system malfunction may continue driving with a disabled ESC system. That may result
22 in the loss of directional control, greatly increasing the risk of a crash.

23 167. **Steering tie-rod defect:** On May 13, 2014, GM recalled 477 MY 2014 Chevrolet
24 Silverado, 2014 GMC Sierra and 2015 Chevrolet Tahoe vehicles. In these vehicles, the tie-rod
25 threaded attachment may not be properly tightened to the steering gear rack. An improperly
26 tightened tie-rod attachment may allow the tie-rod to separate from the steering rack and result in a
27 loss of steering that greatly increases the risk of a vehicle crash.
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1 168. **Automatic transmission shift cable adjuster:** On February 20, 2014, GM recalled
2 352 MY 2014 Buick Enclave, Buick LaCrosse, Buick Regal, Verano, Chevrolet Cruze, Chevrolet
3 Impala, Chevrolet Malibu, Chevrolet Traverse, and GMC Acadia vehicles. In these vehicles, the
4 transmission shift cable adjuster may disengage from the transmission shift lever. When that
5 happens, the driver may be unable to shift gears, and the indicated gear position may not be
6 accurate. If the adjuster is disengaged when the driver attempts to stop and park the vehicle, the
7 driver may be able to shift the lever to the "PARK" position but the vehicle transmission may not
8 be in the "PARK" gear position. That creates the risk that the vehicle will roll away as the driver
9 and other occupants exit the vehicle, or anytime thereafter.

10 169. **Fuse block defect:** On May 19, 2014, GM recalled 58 MY 2015 Chevrolet
11 Silverado HD and GMC Sierra HD vehicles. In these vehicles, the retention clips that attach the
12 fuse block to the vehicle body can become loose allowing the fuse block to move out of position.
13 When this occurs, exposed conductors in the fuse block may contact the mounting studs or other
14 metallic components, which in turn causes a "short to ground" event. That can result in an
15 arcing condition, igniting nearby combustible materials and starting an engine compartment fire.

16 170. **Diesel transfer pump defect:** On April 24, 2014, GM recalled 51 MY 2014 GMC
17 Sierra HD and 2015 Chevrolet Silverado HD vehicles. In these vehicles, the fuel pump
18 connections on both sides of the diesel fuel transfer pump may not be properly torqued. That can
19 result in a diesel fuel leak, which can cause a vehicle fire.

20 171. **Base radio defect:** On June 5, 2014, GM recalled 57,512 MY 2014 Chevrolet
21 Silverado LD, 2014 GMC Sierra LD and model year 2015 Silverado HD, Tahoe and Suburban and
22 2015 GMC Sierra HD and Yukon and Yukon XL vehicles because the base radio may not work.
23 The faulty base radio prevents audible warnings if the key is in the ignition when the driver's door
24 is open, and audible chimes when a front seat belt is not buckled. Vehicles with the base radio
25 defect are out of compliance with motor vehicle safety standards covering theft protection,
26 rollaway protection and occupant crash protection.

27 172. **Shorting bar defect:** On June 5, 2014, GM recalled 31,520 MY 2012 Buick
28 Verano and Chevrolet Camaro, Cruze, and Sonic compact cars for a defect in which the shorting

1 bar inside the dual stage driver's air bag may occasionally contact the air bag terminals. If contact
2 occurs, the air bag warning light will illuminate. If the car and terminals are contacting each other
3 in a crash, the air bag will not deploy. GM admits awareness of one crash with an injury where the
4 relevant diagnostic trouble code was found at the time the vehicle was repaired. GM is aware of
5 other crashes where air bags did not deploy but it does not know if they were related to this
6 condition. GM conducted two previous recalls for this condition involving 7,116 of these vehicles
7 with no confirmed crashes in which this issue was involved.

8 173. **Front passenger airbag end cap defect:** On June 5, 2014, GM recalled 61 model
9 year 2013-2014 Chevrolet Spark and 2013 model year Buick Encore vehicles manufactured in
10 Changwon, Korea from December 30, 2012 through May 8, 2013 because the vehicles may have a
11 condition in which the front passenger airbag end cap could separate from the airbag inflator. In a
12 crash, this may prevent the passenger airbag from deploying properly.

13 174. **Sensing and Diagnostic Model ("SDM") defect:** On June 5, 2014, GM recalled
14 33 model year 2014 Chevrolet Corvettes in the U.S. because an internal short-circuit in the sensing
15 and diagnostic module (SDM) could disable frontal air bags, safety belt pretensioners and the
16 Automatic Occupancy Sensing module.

17 175. **Sonic Turbine Shaft:** On June 11, 2014, GM recalled 21,567 Chevrolet Sonics due
18 to a transmission turbine shaft that can malfunction.

19 176. **Electrical System defect:** On June 11, 2014, GM recalled 14,765 model year 2014
20 Buick LaCrosse sedans because a wiring splice in the driver's door can corrode and break, cutting
21 power to the windows, sunroof, and door chime under certain circumstances.

22 177. **Seatbelt Tensioning System defect:** On June 11, 2014, GM recalled 8,789 model
23 year 2004-11 Saab 9-3 convertibles because a cable in the driver's seatbelt tensioning system can
24 break.

25 178. In light of GM's history of concealing known defects, there is little reason to think
26 that either GM's recalls have fully addressed the 35 recently revealed defects or that GM has
27 addressed each defect of which it is or should be aware.
28

B. GM Valued Cost-Cutting Over Safety, and Actively Encouraged Employees to Conceal Safety Issues.

179. Recently revealed information presents a disturbing picture of GM's approach to safety issues – both in the design and manufacture stages, and in discovering and responding to defects in GM-branded vehicles that have already been sold.

180. GM made very clear to its personnel that cost-cutting was more important than safety, deprived its personnel of necessary resources for spotting and remedying defects, trained its employees not to reveal known defects, and rebuked those who attempted to “push hard” on safety issues.

181. One “directive” at GM was “cost is everything.”⁸⁰ The messages from top leadership at GM to employees, as well as their actions, were focused on the need to control cost.⁸¹

182. One GM engineer stated that emphasis on cost control at GM “permeates the fabric of the whole culture.”⁸²

183. According to Mark Reuss (President of GMNA from 2009-2013 before succeeding Mary Barra as Executive Vice President for Global Product Development, Purchasing and Supply Chain in 2014), cost and time-cutting principles known as the “Big 4” at GM “emphasized timing over quality.”⁸³

184. GM's focus on cost-cutting created major disincentives to personnel who might wish to address safety issues. For example, those responsible for a vehicle were responsible for its costs, but if they wanted to make a change that incurred cost and affected other vehicles, they also became responsible for the costs incurred in the other vehicles.⁸⁴

185. As another cost-cutting measure, parts were sourced to the lowest bidder, even if they were not the highest quality parts.⁸⁵

⁸⁰ GM Report at 249.

⁸¹ GM Report at 250.

⁸² GM Report at 250.

⁸³ GM Report at 250.

⁸⁴ GM Report at 250.

⁸⁵ GM Report at 251.

1 186. Because of GM's focus on cost-cutting, GM Engineers did not believe they had
2 extra funds to spend on product improvements.⁸⁶

3 187. GM's focus on cost-cutting also made it harder for GM personnel to discover safety
4 defects, as in the case of the "TREAD Reporting team."

5 188. GM used its TREAD database (known as "TREAD") to store the data required to be
6 reported quarterly to NHTSA under the TREAD Act.⁸⁷ From the date of its inception in 2009,
7 TREAD has been the principal database used by GM to track incidents related to its vehicles.⁸⁸

8 189. From 2003-2007 or 2008, the TREAD Reporting team had eight employees, who
9 would conduct monthly searches and prepare scatter graphs to identify spikes in the number of
10 accidents or complaints with respect to various GM-branded vehicles. The TREAD Reporting
11 team reports went to a review panel and sometimes spawned investigations to determine if any
12 safety defect existed.⁸⁹

13 190. In or around 2007-08, Old GM reduced the TREAD Reporting team from eight to
14 three employees, and the monthly data mining process pared down.⁹⁰ In 2010, GM restored two
15 people to the team, but they did not participate in the TREAD database searches.⁹¹ Moreover, until
16 2014, the TREAD Reporting team did not have sufficient resources to obtain any of the advanced
17 data mining software programs available in the industry to better identify and understand potential
18 defects.⁹²

19 191. By starving the TREAD Reporting team of the resources it needed to identify
20 potential safety issues, GM helped to insure that safety issues would not come to light.
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23

24 ⁸⁶ GM Report at 251.

25 ⁸⁷ GM Report at 306.

26 ⁸⁸ GM Report at 306.

27 ⁸⁹ GM Report at 307.

28 ⁹⁰ GM Report at 307.

⁹¹ GM Report at 307-308.

⁹² GM Report at 208.

1 192. "[T]here was resistance or reluctance to raise issues or concerns in the GM culture."
2 The culture, atmosphere and supervisor response at GM "discouraged individuals from raising
3 safety concerns."⁹³

4 193. GM CEO Mary Barra experienced instances where GM engineers were "unwilling
5 to identify issues out of concern that it would delay the launch" of a vehicle.⁹⁴

6 194. GM supervisors warned employees to "never put anything above the company" and
7 "never put the company at risk."⁹⁵

8 195. GM "pushed back" on describing matters as safety issues and, as a result, "GM
9 personnel failed to raise significant issues to key decision-makers."⁹⁶

10 196. So, for example, GM discouraged the use of the word "stall" in Technical Service
11 Bulletins ("TSBs") it sometimes sent to dealers about issues in GM-branded vehicles. According
12 to Steve Oakley, who drafted a TSB in connection with the ignition switch defects, "the term 'stall'
13 is a 'hot' word that GM generally does not use in bulletins because it may raise a concern about
14 vehicle safety, which suggests GM should recall the vehicle, not issue a bulletin."⁹⁷ Other GM
15 personnel confirmed Oakley on this point, stating that "there was concern about the use of 'stall' in
16 a TSB because such language might draw the attention of NHTSA."⁹⁸

17 197. Oakley further noted that "he was reluctant to push hard on safety issues because of
18 his perception that his predecessor had been pushed out of the job for doing just that."⁹⁹

19 198. Many GM employees "did not take notes at all at critical safety meetings because
20 they believed GM lawyers did not want such notes taken."¹⁰⁰

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22
23 ⁹³ GM Report at 252.

24 ⁹⁴ GM Report at 252.

25 ⁹⁵ GM Report at 252-253.

26 ⁹⁶ GM Report at 253.

27 ⁹⁷ GM Report at 92.

28 ⁹⁸ GM Report at 93.

⁹⁹ GM Report at 93.

¹⁰⁰ GM Report at 254.

1 199. A GM training document released by NHTSA as an attachment to its Consent Order
2 sheds further light on the lengths to which GM went to ensure that known defects were concealed.
3 It appears that the defects were concealed pursuant to a company policy GM inherited from Old
4 GM.

5 200. The document consists of slides from a 2008 Technical Learning Symposium for
6 “designing engineers,” “company vehicle drivers,” and other employees at Old GM. On
7 information and belief, the vast majority of employees who participated in this webinar
8 presentation continued on in their same positions at GM after July 10, 2009.

9 201. The presentation focused on recalls, and the “reasons for recalls.”

10 202. One major component of the presentation was captioned “Documentation
11 Guidelines,” and focused on what employees should (and should not say) when describing
12 problems in vehicles.

13 203. Employees were instructed to “[w]rite smart,” and to “[b]e factual, not fantastic” in
14 their writing.

15 204. Company vehicle drivers were given examples of comments to avoid, including the
16 following: “This is a safety and security issue”; “I believe the wheels are too soft and weak and
17 could cause a serious problem”; and “Dangerous ... almost caused accident.”

18 205. In documents used for reports and presentations, employees were advised to avoid a
19 long list of words, including: “bad,” “dangerous,” “defect,” “defective,” “failed,” “flawed,” “life-
20 threatening,” “problem,” “safety,” “safety-related,” and “serious.”

21 206. In truly Orwellian fashion, the Company advised employees to use the words (1)
22 “Issue, Condition [or] Matter” instead of “Problem”; (2) “Has Potential Safety Implications”
23 instead of “Safety”; (3) “Broke and separated 10 mm” instead of “Failed”; (4)
24 “Above/Below/Exceeds Specification” instead of “Good [or] Bad”; and (5) “Does not perform to
25 design” instead of “Defect/Defective.”

26 207. As NHTSA’s Acting Administrator Friedman noted at the May 16, 2014 press
27 conference announcing the Consent Order concerning the ignition switch defect, it was GM’s
28 company policy to avoid using words that might suggest the existence of a safety defect:

1 GM must rethink the corporate philosophy reflected in the
2 documents we reviewed, including training materials that explicitly
3 discouraged employees from using words like 'defect,' 'dangerous,'
4 'safety related,' and many more essential terms for engineers and
investigators to clearly communicate up the chain when they suspect
a problem.

5 208. GM appears to have trained its employees to conceal the existence of known safety
6 defects from consumers and regulators. Indeed, it is nearly impossible to convey the potential
7 existence of a safety defect without using the words "safety" or "defect" or similarly strong
8 language that was verboten at GM.

9 209. So institutionalized at GM was the "phenomenon of avoiding responsibility" that
10 the practice was given a name: "the 'GM salute,'" which was "a crossing of the arms and pointing
11 outward towards others, indicating that the responsibility belongs to someone else, not me."¹⁰¹

12 210. CEO Mary Barra described a related phenomenon, "known as the 'GM nod,'" which
13 was "when everyone nods in agreement to a proposed plan of action, but then leaves the room with
14 no intention to follow through, and the nod is an empty gesture."¹⁰²

15 211. According to the GM Report prepared by Anton R. Valukas, part of the failure to
16 properly correct the ignition switch defect was due to problems with GM's organizational
17 structure.¹⁰³ Part of the failure to properly correct the ignition switch defect was due to a corporate
18 culture that did not care enough about safety.¹⁰⁴ Part of the failure to properly correct the ignition
19 switch defect was due to a lack of open and honest communication with NHTSA regarding safety
20 issues.¹⁰⁵ Part of the failure to properly correct the ignition switch defect was due to improper
21 conduct and handling of safety issues by lawyers within GM's Legal Staff.¹⁰⁶ On information and
22 belief, all of these issues also helped cause the concealment of and failure to remedy the many
23 defects that have led to the spate of recalls in the first half of 2014.

24 ¹⁰¹ GM Report at 255.

25 ¹⁰² GM Report at 256.

26 ¹⁰³ GM Report at 259-260.

27 ¹⁰⁴ GM Report at 260-261.

28 ¹⁰⁵ GM Report at 263.

¹⁰⁶ GM Report at 264.